

**NATIONAL
FOOD PRODUCTS CORPORATION**

Annual Report

1966

NATIONAL FOOD PRODUCTS CORPORATION

Annual Report

FOR THE YEAR ENDING DECEMBER 31, 1966

March 3, 1967

To the Stockholders:

For the fiscal year ending December 31, 1966 the total income received by the Company amounted to \$1,299,063 as compared with \$1,112,322 for the year 1965 — an increase of 16.8%.

Net income after all expenses and provision for Federal taxes amounted to \$1,174,026 as compared with \$1,002,596 for the year 1965 — an increase of 17.1%.

Dividends paid during the year 1966 totalled \$1.47 per share as compared with \$1.27 in 1965. Total dividends paid amounted to \$1,118,287. The quarterly dividend was increased to 38 cents per share beginning with the June 10, 1966 dividend.

During the year the Company purchased 7,977 shares of Colonial Stores Incorporated common stock. The balance sheet, which is a part of this report, shows as of December 31, 1966 the total market value of all investments as \$23,287,756, compared with \$25,316,976 at the end of 1965. At the year end the Company owned 33.32% of the outstanding common stock of Colonial Stores Incorporated.

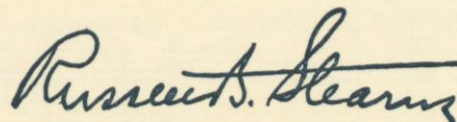
The Company also purchased during the year 500 shares of its own capital stock for its treasury account — reducing the number of shares outstanding to 760,627 at the year end. The Company, at year end, owned 938,294 shares of Colonial common stock and \$775,000 U. S. Treasury Bills due March 2, 1967. The Company has no debt outstanding.

The earnings of the Company are derived principally from dividends received from Colonial Stores Incorporated. On June 1, 1966 the Colonial quarterly dividend on its common stock was increased from 30 cents per share to 35 cents per share. Colonial's sales for the fiscal year 1966 (52 weeks) were the highest in their history — up 8.5% over fiscal 1965 (52 weeks).

Colonial's earnings per share for the 1966 fiscal year were \$2.63 — up 16%. Earnings for the past three prior years, before deducting certain special items charged against prior years' retained earnings were as follows: 1965 \$2.26, 1964 \$2.02, 1963 \$1.71.

The enclosed annual report of Colonial Stores Incorporated should be read carefully in conjunction with the report of National Food Products Corporation.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Russell B. Stearns". The signature is fluid and cursive, with a long horizontal line extending from the end.

President

Accountants' Report

THE BOARD OF DIRECTORS

NATIONAL FOOD PRODUCTS CORPORATION:

We have examined the balance sheet of National Food Products Corporation as of December 31, 1966 and the related statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We inspected or confirmed by correspondence the investment securities and we confirmed the cash in banks by certificates from the depositaries.

In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the financial position of National Food Products Corporation at December 31, 1966 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & Co.

Boston, Mass.
January 24, 1967

NATIONAL FOOD PRODUCTS CORPORATION

Balance Sheet

DECEMBER 31, 1966
with comparative figures for 1965

ASSETS

	<u>1966</u>	<u>1965</u>
Investments:		
Colonial Stores Incorporated (a controlled company) Common stock, at cost, 1966 — 938,294 shares, 1965 — 930,317 shares	\$4,902,429	\$4,716,964
United States Treasury Bills and Notes, at cost plus accrued interest	<u>768,270</u>	<u>897,206</u>
Total investments	5,670,699*	5,614,170*
Cash	<u>44,703</u>	<u>45,860</u>
	<u>\$5,715,402</u>	<u>\$5,660,030</u>

*Quoted market value 1966 — \$23,287,756, 1965 — \$25,316,976.

NATIONAL FOOD PRODUCTS CORPORATION

Balance Sheet

DECEMBER 31, 1966
with comparative figures for 1965

LIABILITIES AND STOCKHOLDERS' EQUITY

	1966	1965
Accounts payable and accrued expenses	\$ 6,690	\$ 8,375
Federal income taxes	84,084	70,266
Capital stock and surplus:		
Capital stock:		
Authorized 1,000,000 shares of common stock of the par value of \$1 each.		
Issued 817,952 shares	817,952	817,952
Surplus:		
Capital surplus	2,264,758	2,266,247
Earned surplus	2,599,243	2,554,015
	<u>4,864,001</u>	<u>4,820,262</u>
	5,681,953	5,638,214
Less Treasury stock at par value, 1966 — 57,325 shares, 1965 — 56,825 shares	<u>57,325</u>	<u>56,825</u>
Total stockholders' equity	<u>5,624,628</u>	<u>5,581,389</u>
	<u>\$5,715,402</u>	<u>\$5,660,030</u>

NATIONAL FOOD PRODUCTS CORPORATION

Statement of Income

YEAR ENDED DECEMBER 31, 1966
with comparative figures for 1965

	<u>1966</u>	<u>1965</u>
Income:		
Dividends:		
Colonial Stores Incorporated (a controlled company)	\$1,258,720	\$1,071,671
Other	—	1,875
	<u>1,258,720</u>	<u>1,073,546</u>
Interest on United States Government securities	40,343	32,104
Gain on sale of securities	—	6,672
	<u>1,299,063</u>	<u>1,112,322</u>
Expenses:		
Salaries	22,600	22,600
Legal and audit fees	5,542	3,410
Transfer agency fees	3,821	4,580
Directors' fees	900	950
Taxes (other than Federal income taxes)	1,544	1,377
General expenses	6,546	6,543
	<u>40,953</u>	<u>39,460</u>
Income before Federal income taxes	1,258,110	1,072,862
Federal income taxes	84,084	70,266
Net income	<u>\$1,174,026</u>	<u>\$1,002,596</u>

NATIONAL FOOD PRODUCTS CORPORATION

Statement of Surplus

YEAR ENDED DECEMBER 31, 1966
with comparative figures for 1965

CAPITAL SURPLUS

	<u>1966</u>	<u>1965</u>
Amount at beginning of year	\$2,266,247	\$2,294,534
Deduct — Amounts attributed to shares of common stock purchased and held in the treasury	<u>1,489</u>	<u>28,287</u>
Amount at end of year	<u>\$2,264,758</u>	<u>\$2,266,247</u>

EARNED SURPLUS

Amount at beginning of year	\$2,554,015	\$2,742,659
Net income for the year	<u>1,174,026</u>	<u>1,002,596</u>
	3,728,041	3,745,255
Deduct:		
Cash dividends paid, 1966 — \$1.47 per share, 1965 — \$1.27 per share	1,118,287	970,151
Excess of cost over par value and amounts attributed to capital surplus of shares of common stock purchased and held in the treasury	<u>10,511</u>	<u>221,089</u>
	<u>1,128,798</u>	<u>1,191,240</u>
Amount at end of year	<u>\$2,599,243</u>	<u>\$2,554,015</u>

NATIONAL FOOD PRODUCTS CORPORATION

24 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110

Officers

RUSSELL B. STEARNS	President
EDWARD K. DUNN	Vice-President and Treasurer
C. T. WILLIAMS, JR.	Secretary
ALLISON M. BERRY	Assistant Secretary and Assistant Treasurer
M. MAY	Assistant Secretary and Assistant Treasurer

Directors

EDWARD K. DUNN
Chairman, Executive Committee
Robert Garrett & Sons, Inc.
Baltimore, Maryland
Investments

JOHN M. FOSTER
Partner in the law firm of
Ropes & Gray
Boston, Massachusetts

JAMES W. MOSS
Senior Partner
Preston, Moss & Company
Boston, Massachusetts
Investments

HUNTER C. PHELAN
Chairman, Virginia Beach Board
Virginia National Bank
Norfolk, Virginia

ELLIS D. SLATER
Chairman, Executive Committee
Emery Air Freight Corporation
New York, N. Y.

RUSSELL B. STEARNS
Chairman
Colonial Stores Incorporated
Atlanta, Georgia

JOHN F. WATLINGTON, JR.
President
Wachovia Bank and Trust Company
Winston-Salem, North Carolina

CHARLES T. WILLIAMS, JR.
Vice President
C. T. Williams & Company, Inc.
Baltimore, Maryland
Investments

Auditors

PEAT, MARWICK, MITCHELL & CO.

Transfer Agent

MARYLAND NATIONAL BANK
Baltimore, Maryland
